

Message Text

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ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 1296
INFO AMEMBASSY AMMAN
AMEMBASSY ABU DHABI
USINT BAGHDAD
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY ROME

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DEPT FOR NEA/ARP; ROME FOR RCAA

E.O. 11652: N/A
TAGS: EAIR, KU
SUBJ: ARAB AIR CARRIERS' CONSORTIUM PLANS

REF: (A) BEIRUT 3476 (NOTAL), (B) STATE 156146, (C) 75 STATE
175069 (NOTAL), (D) AMMAN 05557 (NOTAL)

1. KUWAIT AIRWAYS CORPORATION (KAC) GENERAL MANAGER MISHARI
AND PLANNING DIRECTOR AL-JASSEM (WHO HAS REPRESENTED KAC AT
THREE ARAB AIR CONSORTIUM MEETINGS TO DATE) TOLD ECONOFFS
JUNE 25 THAT KAC DEFINITELY INTERESTED IN TRANSATLANTIC
SERVICE THROUGH CONSORTIUM BUT WILL NOT SEND REP TO US FOR
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MEETING IN JULY (AS INDICATED REF B), SINCE GHANDOUR, HAKEEM,
SALAM AND DAJANI CAN ADEQUATELY COVER PRELIMINARY DISCUSSIONS.
MISHARI AND AL-JASSEM REFUSED TO BE DRAWN INTO ANY DISCUSSION
OF RECIPROCAL RIGHTS FOR US CARRIERS, FIFTH FREEDOM RIGHTS, ETC.
SAYING THAT ALL THIS WOULD HAVE TO COME AFTER PRELIMINARY
MEETING WITH USG IN JULY. THEY AGREED WITH ECONOFFS THAT DATA
ON TRAFFIC LEVELS, ETC. WOULD BE HELPFUL FOR CAB BUT FELT

THAT THIS COULD BE PROVIDED THROUGH GROUP AS WHOLE AFTER PRELIMINARY MEETINGS. QUERIED ABOUT POSSIBLE ROUTE TO US, KAC OFFICIALS SAID THIS WOULD HAVE TO BE STUDIED (MOST LIKELY ROUTES FOR KAC APPEAR TO BE EITHER THROUGH LONDON OR MADRID), BUT KAC WOULD LIKE ITS GATEWAY TO BE NEW YORK.

2. MISHARI MADE A POINT OF ASKING WHETHER USG HAD "ANYTHING TO ADD" TO ITS FORMAL RESPONSE OF 1975 (REF C) TO GOK REQUEST FOR BILATERAL CIVIL AIR CONSULTATIONS. EMBOFFS REPLIED THAT WE HAD NO FURTHER FORMAL INSTRUCTIONS, BUT THAT IT APPEARED OBVIOUS THAT A GOOD DEAL MORE INFORMATION ON WHAT ARAB CARRIERS HAD IN MIND AND WHAT THEY WERE WILLING TO OFFER IN RETURN FOR US LANDING RIGHTS WAS IN ORDER. MISHARI REPLIED DRYLY THAT CONSORTIUM DELEGATION WOULD DETERMINE US "MOOD" RE THEIR EFFORT AND THEN REPORT BACK TO A "STEERING COMMITTEE" FORMED AT AMMAN MEETING THAT WOULD CONSIDER WHAT ACTION TO TAKE IN RESPONSE.

3. COMMENT: AS REPORTED IN BEIRUT'S EXCELLENT CABLE (REF A), KAC IS TECHNICALLY A "HAVE-NOT" CARRIER. HOWEVER, MISHARI'S COMMENTS TO US INDICATE THAT KAC IS PLAYING ITS CARDS VERY CAREFULLY AS FAR AS CONSORTIUM IS CONCERNED. IF THEY ARE REALLY EAGER TO GET INTO THE US MARKET, THEY ARE TRYING NOT TO GIVE US THIS IMPRESSION. WE SUSPECT THAT OUR TURNING DOWN THEIR REQUEST FOR BILATERAL CONSULTATIONS IN 1975 STILL RANKLES THE PROUD KUWAITIS A BIT, HOWEVER UNREALISTIC THE REQUEST WAS AT THAT TIME. KAC WILL PROBABLY PLAY A WAITING GAME, LETTING LIMITED OFFICIAL USE

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THE OTHERS IN THE CONSORTIUM TAKE THE LEAD. WE AGREE WITH ABU HAIDAR'S ASSESSMENT THAT CONSORTIUM MEMBERS MAY NOT REALIZE ADVANTAGES TO US CARRIERS THAT THEY MAY HAVE TO GIVE IN ORDER TO GAIN ACCESS TO US MARKET. INCREASING ISSUANCE OF VISAS AT EMBASSY KUWAIT (UP 180 PERCENT IN FIRST SIX MONTHS OF 1978 AS COMPARED TO 1975 ATTESTS TO STEADY GROWTH OF TRAFFIC TO US FROM KUWAIT SINCE 1975. SINCE WE COULD GAIN AS MUCH FROM OPENING OF ROUTES AS GULF CARRIERS, SUGGEST USG OFFICIALS TALKING TO CONSORTIUM REPS IN WASHINGTON GIVE THEM SOME ENCOURAGEMENT AT IMPORTANT PRELIMINARY STAGE OF DISCUSSIONS. SUTHERLAND

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